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EXECUTIVE BRANCH OF THE GOVERNMENT

GENERAL ACCOUNTING
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PRESS RELEASE

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Washington, May 25—The Federal Government maintains warehouse and storage space which, if spread out on one level in one spot, would cover 31,000 acres—a ground area twice the size of Manhattan Island. The estimated expense involved in operating these facilities has reached about \$3,500,000,000 annually, or nearly as much as the entire Federal Budget for 1930. Of this sum, \$2,900,000,000 is attributable to the military services.

These figures are contained in a report on Depot Utilization being presented to the Congress tomorrow by the Commission on Organization of the Executive Branch of the Government, headed by former President Herbert Hoover. The report, indicating "great excess of storage space, duplication and waste" particularly in the Department of Defense, embraces recommendations of the Hoover Commission, and of the special task force which studied the problem. The report calls for coordination, cross-servicing and up-to-date management methods with the aim of eliminating 172,000,000 square feet of warehousing. Of this amount, 170,000,000 square feet is in the Department of Defense.

Clifford E. Hicks, president of the New York Dock Company and chairman of the task force, estimated that the aggregate savings possible through businesslike management of this Federal activity would

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be \$288,000,000 annually, including \$35,000,000 applicable to improved handling of food and clothing previously set forth in the recommendations of the Task Force on Subsistence Services.

The Commission report calls attention to the findings of the special task force on depot utilization pointing to lack of overall control of the storage facilities of the military services by the Department of Defense and the difficulty encountered in obtaining complete records of such space and its use within the Defense establishment.

The Commission cites the fact that its investigative group found more than 100,000,000 square feet of this type of space not even listed on the operating records. The Pentagon has 3,591,991 square feet.

The task force further noted that excess facilities were not systematically reported and that there apparently was no effective exchange of information on space or requirements between storage personnel and real property personnel in the three military services or at the Department of Defense level.

The Commission supports the legislative proposal of the task force for clarification of Public Law 155 of the Eighty-second Congress to eliminate any doubt of the intention of the Congress to provide for cross-servicing or transfers of use of storage facilities between military departments.

The Commission also approves, as an economy measure, the task force proposal for legislation by the Congress to permit "permanent" storage of household goods of service personnel in commercial warehouses. Permanent storage in this case applies to goods to be held by the

warehouses for more than six months. The present Congress is expected to receive proposed legislation to that end with the backing of the Defense Department.

For the efficient handling of the warehouse needs of civilian agencies, the Hoover Commission also recommends legislation giving to the General Services Administration "the necessary authority to integrate into its own control, or compel coordination of, all civilian agency storage" in the Executive Branch.

The Commission "commends" various administrative proposals of the special task force to the attention of the departments and agencies concerned. One of these suggestions embodies wider use of commercial warehouse space by both military and civilian departments where such a practice would save money and help to keep new construction down to permanent, essential needs.

Other task force suggestions for greater efficiency and economy include use of a realistic, accurate and uniform cost accounting system in all agencies to permit reliable comparisons between the actual cost of Government storage facilities and the charges of commercial warehouses for like services; complete and continuing inventories of storage space and its use; and consideration of the feasibility of construction and operation by private industry of any additional warehousing which may be found to be necessary.

The "commended" suggestions also call for closer liaison between the Defense Department and the GSA in matters concerning storage, including possible arrangements for transfer of use of space between

military and civilian agencies; and for adoption of a system of payment by any agency or department for use of any warehouse facilities owned by another department.

The extent of the Government's stake in the warehousing field and of the vast growth of the system in recent years is emphasized in the report. The task force found that the Executive agencies operate 696,000,000 square feet of "covered" storage and 668,000,000 square feet of improved open storage. The aggregate floor and ground space is equivalent to the ground area of about 15,000 average city blocks.

The three military services within the Department of Defense account for 83 per cent of the covered space and 94 per cent of the open space.

The covered or structural storage includes 305,795,000 square feet of floor space maintained by the Army; 182,665,000 square feet in the Navy and Marine Corps, and 90,589,000 square feet operated by the Air Force. All told, the covered storage space utilized by the Services amounts to 579,049,000 square feet.

The 116,000,000 square feet of similar space used by the civilian agencies includes 18,583,000 by the General Services Administration; 4,444,000 by the Veterans Administration; 5,602,000, by the Atomic Energy Commission; 70,646,000 by the Department of Agriculture; 6,284,000 by the Department of Commerce; 3,971,000 by the Department of the Interior; 2,151,000 by the Treasury Department; and 4,495,000 by all other Executive departments and agencies.

Depot "housekeeping" methods by the departments were praised by the Special Task Force as efficient, sometimes "excessively so." Modern materials handling methods and equipment were found to be used.

The Commission points to the Task Force statement that both in debates and in legislation the attitude of the Congress clearly has been aimed at unification and integration of the supply systems, including storage, in the Department of Defense, but that each of the military services has taken the "unrealistic" attitude it "owns" its facilities and has failed to make even "palpably excess" storage space available for the needs of another service.

The Task Force further noted that the Department of Defense at the Secretary level has in the last two years made great effort to correct this situation, and has issued "excellent directives" intended to promote cross-servicing, but "these directives mostly wither against the apparently impregnable barrier maintained by the three military services."

Another suggestion of the Task Force involves possible use of "area assignment" principle for warehousing, under which one of the three services would be designated to manage storage for all the services in a given area. This would not involve transfer of title to any property within the services.

Under the proposed cross-servicing plan, any department utilizing surplus space of another service would pay a reasonable storage and handling charge to the "owning" department.

Of GSA's covered storage facilities, 8,370,000 square feet is occupied by strategic materials, which also take up 5,700,000 of improved open space.

Under Section 201(a) of the General Services Act of 1949, the GSA was given the authority to unify storage and issuance of supplies of civilian agencies, but other sections of the legislation seem to be less specific on this point, the Hoover Commission explains, and "in any event, the cumbersome routines and consents required, and the resistance that the General Services Administration meets in any such effort, indicate that its authority in this field is by no means clear."

The Commission quotes the special task force findings to the effect that "despite GSA records management activities, much high-cost office space in Executive agencies is still being occupied by inactive and overage records which could be transferred to less costly agency records centers, if the GSA had more authority;" and that valuable warehouse space at agency records centers is being wasted because of the use of obsolete storage principles, or by the occupancy of space by records which could be destroyed.

Further consolidation of agency records centers with Federal records centers, according to this Task Force, would result in savings of space, maintenance costs, personnel and equipment.

The Veterans Administration operates three storage centers which provide storage and issues to 235 hospitals, and other services. The total depot space is 1,431,000 square feet, of which 387,000 square feet is leased to the Federal Civil Defense Administration. The Task Force found that these depots were being conducted efficiently, but had more space than was needed, and suggested that such a system of operation was "illogical" and should be absorbed by the General Services Administration.

Veterans Administration storage space at hospitals and at other VA facilities amounts to 3,013,000 square feet and "of course must be retained in control of the Veterans Administration," the Task Force explained.

The Commission finds that "probably the most difficult storage and transportation problem ever undertaken by man" has arisen as a consequence of the commodity price-support program.

Under this legislation, the Department of Agriculture had accumulated, as of March 31, 1955, \$7,278,000,000 of farm products either through direct ownership or under pledge for loans. The storage costs for the calendar year 1954 amounted to about \$350,000,000.

Of this sum, \$280,000,000 went to pay for leased space in commercial elevators and warehouses; \$20,000,000 for "re-sealing" and storing on the farms the commodities which the farmer grows and holds under loans from the Department; about \$44,200,000 for the operation of emergency storage, some of it of a temporary character, which the Department has erected and owns, and which amounts to about 70,000,000 square feet; and \$6,700,000 in connection with the use of ships in the Reserve fleet for storage.

The grain of all types stored under the price support program amounted to more than 2,000,000,000 bushels as of March 31, 1955. The quantity of cotton stored was 8,495,000 bales. The dried milk on hand amounted to 225,000,000 pounds; butter, 350,472,000 pounds, and cheese, 407,097,000 pounds.

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The Commission reports that the management of these operations generally has been on an intensely decentralized basis, and that the Department of Agriculture has made many efforts to set up more effectual and more centralized control but has succeeded so far only as to processed commodities.

The Office of Defense Mobilization directs the policies controlling the storage, security and maintenance of the strategic stockpiles, and these operations are coordinated with the Department of Defense and the General Services Administration.

In addition to nearly 8,400,000 square feet of covered storage furnished by the GSA for the strategic stockpile, about 10,500,000 square feet of this type of space is furnished by the Department of Defense. The Commission estimates that 3,500,000 square feet of additional space will be needed to accommodate the stockpile objectives. The appropriation for the GSA for its share of the work of handling and storing the stockpile was about \$19,000,000 for the fiscal year 1955, of which \$3,900,000 was earmarked for commercial warehousing.

Materials in the stockpile are stored at 315 spots--seventy-one military depots, twenty-two industrial plant sites, five vaults, four Government-owned sites for bulk ores, and 201 commercial locations which are used to store rubber, cotton, silk and cordage fibers.

The Task Force criticized the lack of an adequate inventory of the stockpile and cited the necessity not only for keeping the items in the stockpile available for emergency use in adequate quantity and quality, but for safeguarding them adequately against possible damage from odors, toxic reactions, moisture, deterioration or other deleterious effects.

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